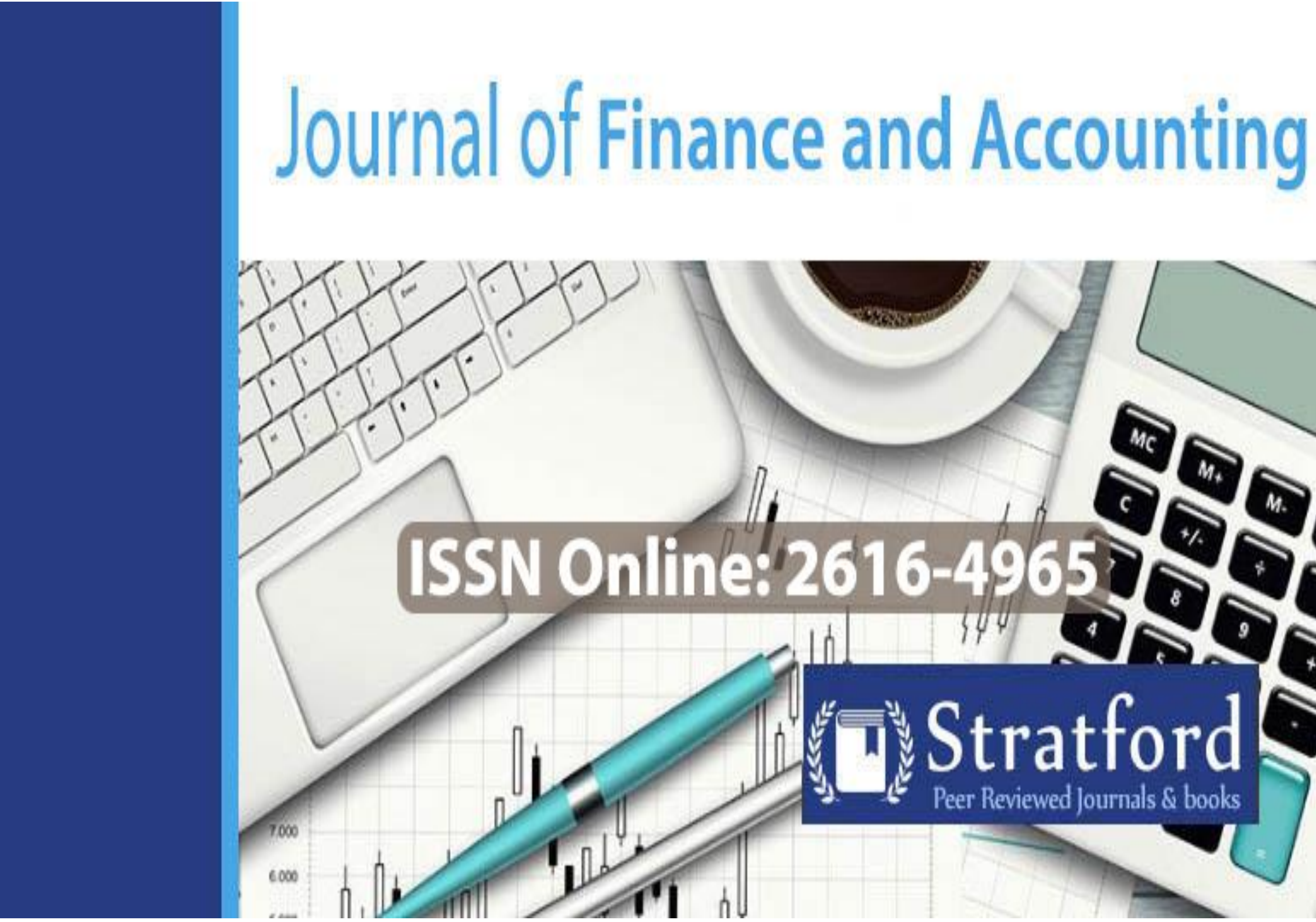

The Effect of Cost Control on Financial Performance of Manufacturing Companies in Rwanda. A Case of BRALIRWA PLC (2018-2022)

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The Effect of Cost Control on Financial Performance of Manufacturing Companies in Rwanda. A Case of BRALIRWA PLC (2018-2022)

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Abstract

The research was aimed at analyzing the effect of cost control on financial performance of manufacturing companies in Rwanda. The research was guided by the following specific objectives: to assess the relationship between setting standard and financial performance of Bralirwa Plc, to analyze the relationship between cost standard implementation and financial performance of Bralirwa Plc and to analyze the relationship between cost analysis and financial performance of Bralirwa Plc. The population in this study was 600 who are the employees of Bralirwa Plc working in different departments, including marketing and sales department, production department, procurement department, quality and assurance, auditing, inventory department, garage department, civil engineering department, finance department, accounting department and general service, however the researcher targeted 58 employees working in finance, accounting, internal control and procurement departments who considered the sample size of the research; they was selected using purposive sampling technique. Primary and secondary data was collected using questionnaire and documentary. The data was analyzed using SPSS to test the relationship between the cost control and financial performance of Bralirwa Plc. Descriptive statistics revealed strong positive correlations between cost control practices and the financial performance of Bralirwa Plc. Specifically, setting standard demonstrates a significant positive relationship ($r = 0.813$, $p < 0.001$), indicating that 81.3% of the variation in financial performance can be attributed to variations in setting standard. This aligns with our research objective, emphasizing the importance of well-structured setting standard processes. Findings also show a substantial positive relationship between standard costs implementation and financial performance ($r = 0.745$, $p < 0.001$), indicating that 74.5% of financial performance variation relates to standard costs implementation variations. This underscores the role of cost standard implementation in effective cost control and financial decision-makin. Moreover, a strong correlation ($r = 0.781$, $p < 0.001$) between cost analysis and evaluation and financial performance signifies that 78.1% of financial performance variation is associated with cost analysis and evaluation variation. In conclusion, this study highlights the symbiotic relationship between cost control and financial performance. By optimizing setting standard, cost standard implementation, and cost analysis practices, strategically affect the financial outcomes of Bralirwa Plc. However, for a better performance, Bralirwa Plc should prioritize the optimization of cost control practices, including setting standard, cost standard implementation, and cost analysis.

Key words: *Cost control, financial and performance.*

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1. Introduction

In the realm of Rwanda's manufacturing sector, a pervasive challenge looms large the persistent struggle with poor financial performance among industry players. The delicate equilibrium between sales and costs, a critical determinant of sustained profitability (Temitayo & Adegbie, 2020), seems to elude companies operating within this sector. This is particularly evident in the escalating costs faced by manufacturing firms, presenting a formidable hurdle to their financial health.

Examining the broader context of the Rwandan manufacturing landscape, the intricate relationship between costs and financial performance comes to the forefront. The widening gap between revenue and the mounting costs of production directly influences the overall profitability of manufacturing companies. This phenomenon is notably exemplified by Bralirwa Plc, a prominent beverage manufacturer in Rwanda, which grapples with the multifaceted challenges of cost control and its ramifications on the company's financial well-being (Bralirwa report, 2022).

Adding to the complexity, the surge in the costs of essential raw materials, including sugar, barley, and packaging materials, compounds the woes of manufacturing companies in Rwanda. This surge in costs directly translates to diminished profit margins and an overarching decline in the financial well-being of these companies (Maher, 2021). The Bralirwa report of 2022 further illuminates the precarious financial position, indicating a 14.2% increase in net finance costs, an 8.2% rise in sales costs driven by heightened promotional activities, and an 83.3% increase in income tax expenses, primarily attributed to higher income before tax.

Amidst these challenges, the inability to accurately plan and forecast finances stands out as a significant contributor to the poor financial performance of manufacturing companies in Rwanda. Unforeseen expenses, budget shortfalls, and inadequate resource allocation have become recurrent issues, hindering the industry's capacity to achieve sustainable profitability.

Therefore, this research sought to delve into the specific nuances of cost control and its direct impact on the financial performance of Bralirwa Plc, shedding light on the prevailing challenges within the Rwandan manufacturing landscape and offering strategic recommendations for a more robust and resilient financial future.

1.1. Objectives of the research

The general objective of the research is to analyze the effect of cost control on financial performance of manufacturing companies in Rwanda.

The research was guided by the following specific objectives:

i. To assess the effect of setting standard on financial performance of Bralirwa Plc,
ii. To identify the effect cost standard implementation on financial performance of Bralirwa Plc,
iii. To analyze the effect of cost analysis and evaluation on financial performance of Bralirwa Plc.

1.2. Research hypothesis

Study done by Baron& Robert, (2015), content that hypothesis is a logically conjectured relationship between two or among more variables and lends itself to being tested through statistical analysis of the data collected for the purpose. The following hypothesis was tested:

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Volume 8||Issue 2||Page 77-89 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-4965

Ho[1]. There no effect of setting standard on financial performance of Bralirwa Plc.
Ho[2]. There no effect cost standard implementation on financial performance of Bralirwa Plc.
Ho[3]. There no effect on cost analysis and evaluation on financial performance of Bralirwa Plc.

2. Literature review

The based on the resource based theory, agency theory and Clark theory of profitability

2.1. Resource based theory

Resource-Based Theory (RBT) was first put forward by Penrose (2009), who proposed a model on the effective management of firms' resources, diversification strategy, and productive opportunities. Penrose’s publication was the first to propose conceptualizing a firm as a coordinated bundle of resources to address and tackle how it can achieve its goals and strategic behavior (Penrose, 2009; Penrose, 2009). RBT began to take shape in the 1980s.The antecedent of RBT was the Theory of the Growth of the Firm. Later, during the 1990s, Jay Barney’s work was critical to the emergence of RBT and became the dominant paradigm in strategic management and strategic planning.

RBT provides a framework to highlight and predict the fundamentals of organization performance and competitive advantage. The focus of RBT on the firm’s performance based on more perspectives was a reaction to the earlier managerial interest in the industry structure, a more macro perspective. RBT addresses an internally-driven approach by focusing on internal organization resources, as opposed to externally driven approaches to understanding the accomplishment or failure of leveraging organizational activities (Kozlenkova, Samaha & Palmatier, 2020). It aims to elaborate on imperfectly imitable firm resources that could potentially become the source of sustained competitive advantage (Barney, 1991).

Theory assumptions of RBT begin with the assumption that organizational characteristics are not merely modified. The organization needs to correct its orientation if it is to succeed and achieve sustainable competitive advantage. The dominant paradigm in determining a company’s profits potential, such as the view of Porter (2019), suggests that a firm’s internal factors, such as resources and capabilities, determine a firm’s profit. The seminal work about strategic resources by Barney (1991) became the fundamental contribution to RBT, guiding the transformation perspective of the resource-based view into a developed theory as RBT. However, the traditional RBT does not elaborate on why and how some firms gain a competitive advantage in circumstances of unpredictable and rapid change (Adner & Helfat, 2003).

RBV can be applied to understand how cost control practices in BRALIRWA contribute to its competitive advantage and organizational performance. By effectively managing costs, BRALIRWA can optimize its resource allocation, develop cost-related capabilities, and achieve cost leadership in the beverage industry. RBV can help analyze how BRALIRWA's unique resources and capabilities, including its cost control practices, create value and sustain its competitive position.

2.2. Agency theory

Agency theory belongs to financial economics, which explains the conflicts of interest between agent (management) and principal (shareholders). If interest of management is different from shareholder interest, then shareholder bears the costs for monitoring the activities of management (Jensen & Meckling, 2018; Jensen, Solberg & Zorn, 1992). There are some types of issues of agency costs but conflicts of interest between shareholder and debtholders are very critical (Money-Terms, 2022).

However, there are some kinds of agency issues (substitution effect underinvestment and free cash flow), which indicates the relevancy (impact) of agency costs with capital structure decisions (Wiki, 2022). Substitutions effect occurs when the debt/equity ratio increases in capital structure. Management invests in some risky projects and shareholders will gain all the benefits on the success of that project. On the other hand, debtholder wasar all the costs in case of failure of that project (Wiki, 2022). Underinvestment issues arise when debt is very risky since benefits from a project waslong to debtholders instead of shareholders. In this case, management rejects the positive NPV (net present value) projects, even if these projects can increase the growth, value and performance of organization (Wiki, 2022).

The agency problems of free cash flow happen when free cash flow is available to management and not distributed among investors. Management sometimes destroys the growth and performance of organization by investing available profits into unfruitful purposes (personal usage, constructing buildings, parks etc).

Agency cost theory essentially involves in such costs, which arises to settle the conflicts of interest of agent and principal. Therefore, it means that the agency costs theory is a very academic term. Therefore, in the perfect capital market there is no interest conflict between management (agent) and shareholder (principal), which is the one of assumptions of Modigliani and Miller (2016 & 1961) theory. Nevertheless, in reality this assumption is disputed because shareholders are separate from company management. This scenario predicts that manager is always a flawed agent of principal (shareholders).

The reason behind this is that it is not compulsory the interest of managers always similar to shareholder's interest and managers could take such actions that are costly and not in the interest of shareholders (consuming excessive perquisites or overinvesting in managerially rewarding but unprofitable activities). Then shareholder starts monitoring the behavior of managers and acquires agency costs and because of conflict between shareholders and managers, these costs are an implied cost (Easterbrook, 1984). Unrestricted cash is available to managers and this cash paying as a dividend might play a vital role in align the conflicts and agency cost problems between shareholder and managers (Rozeff, 1982). Jensen and Meckling (2018) explained that the problems of agency costs which might be prejudiced by dividend payment is the conflict of interest between bondholders' fund and shareholders is another source of agency costs.

In this research, agency theory can shed light on the principal-agent relationships within BRALIRWA and how cost control practices align the interests of shareholders and managers. By implementing effective cost control measures, BRALIRWA can minimize agency costs, ensure efficient resource utilization, and improve its financial performance. Agency theory can help analyze the incentives, monitoring mechanisms, and contract designs associated with cost control in BRALIRWA.

2.3. Contingency theory

Contingency theory, conceived in the 1950s and 1960s, emerged as a reaction to the limitations of earlier management theories that assumed universal principles of organization and management. Joan Woodward's empirical research on the relationship between organizational structures and performance laid the foundations for the theory (Woodward, 2016). It gained

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further traction as scholars incorporated insights from cybernetics and systems theory, emphasizing organizations' adaptability to their unique contexts.

Early influences from Woodward's work were pivotal in establishing the groundwork for contingency theory. She identified that the effectiveness of organizational structures depended on the nature of the production process (Woodward, 1965). The theory expanded by incorporating ideas from cybernetics and systems theory, emphasizing the need for organizations to adapt to their environments for survival. Donaldson later expanded contingency theory by proposing that organizational effectiveness is contingent on various internal and external factors, advocating for flexibility and adaptability in organizational practices (Donaldson, 2001).

Critics argue that contingency theory may sometimes overemphasize the role of context, potentially leading to a lack of clear guidelines for managers. They suggest that the complexity of contingency theory makes it challenging for practitioners to apply in real-world scenarios. Additionally, critics point out that the theory can be relatively static, not accounting for the dynamic nature of organizational environments (Lawrence & Lorsch, 1967; Burns & Stalker, 1961).

Contingency theory implies that the effectiveness of cost control measures may vary based on the unique organizational context. For the study of Bralirwa Plc, this suggests that managers must consider external factors such as market conditions, competition, and the regulatory environment. The theory suggests that there is no universal cost control strategy that fits all organizations. Bralirwa Plc should tailor its cost control strategies based on its specific industry, market conditions, and internal capabilities.

The study should incorporate an environmental scanning approach to identify contingencies that may influence the effectiveness of cost control. This includes monitoring economic trends, industry dynamics, and changes in consumer behavior. Contingency theory suggests that organizational practices, including cost control, should be flexible and adaptable. The study may explore how Bralirwa Plc can adjust its cost control mechanisms based on changing contingencies.

Given the contingencies involved, the study could benefit from integrating contingency theory with other relevant theories such as the resource-based view, stakeholder theory, or agency theory to provide a more holistic understanding of the relationships between cost control and financial performance (Lawrence & Lorsch, 1967; Donaldson, 2001; Thompson, 1967).

2.4. Efficiency theory

Efficiency theory, rooted in classical economic thought, gained prominence during the late 19th and early 20th centuries. Its origins can be traced back to the works of economists such as Adam Smith, who emphasized the importance of efficient resource allocation for economic prosperity (Smith, 2015). Efficiency theory posits that organizations and economies should strive to maximize output while minimizing input, achieving optimal resource utilization.

Classical Economics played a pivotal role in laying the foundation for efficiency theory. Adam Smith's seminal work, "The Wealth of Nations," introduced the concept of the invisible hand guiding markets towards efficiency, highlighting the significance of self-interest in achieving economic optimization (Smith, 2015). As economic thought evolved into Neoclassical Economics, scholars like Alfred Marshall and Leon Walras further shaped efficiency theory by

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Email: info@stratfordjournals.org ISSN: 2616-4965

emphasizing the role of competitive markets in achieving allocative and productive efficiency (Marshall, 1890). The introduction of Pareto Efficiency by Vilfredo Pareto added another dimension, asserting that a state is Pareto efficient when no individual or group can be made better off without making someone else worse off (Pareto, 1909).

Efficiency theory has faced criticism on various fronts. Critics argue that its reliance on assumptions of rationality and perfect information may not accurately reflect real-world decision-making (Stiglitz, 2018). Furthermore, concerns have been raised about the theory's potential neglect of broader social welfare considerations, with a sole focus on efficiency possibly leading to income inequality and social disparities (Arrow, 2011). Additionally, some critics highlight the theory's limitations in adequately addressing market failures, externalities, and the role of government intervention (Baumol, 2019).

Efficiency theory offers valuable insights for the study of Bralirwa Plc's financial performance and cost control strategies. Leveraging this theory, the study can assess how Bralirwa Plc optimizes its resource allocation and operational processes to achieve cost efficiency, positions itself in the market to maximize competitiveness, enhances operational processes for overall efficiency, allocates resources effectively, and aligns strategic decisions with efficiency principles in achieving long-term financial performance.

2.5. Clark Theory of Profitability

Clark begins his theory with an analysis of a profit-less economy and taking into account its key futures. The profit less economy is compared with a profit-generating economies and significant differences were identified to indicate the causes of profit. This method was adopted by Schumpeter and Knight. The profit-less economy is referring to as 'static state', in which all factors are constant and not subject to change, the market is assumed to be perfect; hence the absence of monopoly and entrepreneurial efforts are rewarded according to management wage levels. There is perfect mobility and flow of all economic units in a frictionless environment; in short all impediments to perfect competition are dissolved.

"The society acts and lives, but does so in a changeless manner" (Siddiqi, 2020). Any change in these factors will produce a tremor in the system but the economy will adjust and settle at new equilibriums. So changes in population and capital will result in corresponding fluctuations in wages and interest rates, the economy will absorb these changes and then settle back to a static state. Similarly, changes in techniques of production will affect output and prices; adoption of the same techniques by other producers will cause a shift in the equilibrium, but once these become ubiquitous the equilibrium will resume. The ability of the economy to endure such changes is due to the competitive equilibrium dynamics of the free market. Competition, remarks Knight, has the "tendency to eliminate profit or loss and bring the value of economic goods to equality with their cost" (Knight, 2020).

Real economies as noted by Clark will, however, not buffer such changes instantaneously as there will necessarily be a time lag. It is into this frictional delay that the entrepreneur seeks to enter and make his profit before equilibrium returns and consumes his profit. Profit is hence a transitional phenomenon: "untransformed increments of wages and interest" (Siddiqi, 2020), its temporary nature demands from the entrepreneur a dynamic endeavor to seek out or generate opportunities on which he can capitalize. This process is summed up in Clark's statement that "dynamic forces, then, account today for the existence of an income that static forces wasgin to dispose of tomorrow". (Siddiqi, 2020).

Economies are, however, in constant change, the five variables mentioned by Clark are never static; population and capital are in constant growth, innovation in production and management of resources are continually researched and consumer demands are subject to ever-changing fashions and trends. The entrepreneur thus finds permanence for as long as he can keep ahead of the changes, react before competitors and organize his efforts with sound knowledge of the market. Clark's analysis determines that the essential cause of profit is change. These changes yield a surplus in the market prior to equilibrium and they are the sought-after profits of the entrepreneur. In this research, Clark Theory of Profitability served to show how innovation in production and management of resources are continually researched and consumer demands are subject to ever-changing fashions and trends for the profitability of manufacturing companies.

3. Research methodology

This chapter presented a detailed description of the research methods that are used to collect relevant data to the study.

3.1 Research Design

the research design employed a multifaceted strategy, combining descriptive, survey, and explanatory approaches. This holistic approach allowed for a thorough exploration of cost control practices and financial performance within Bralirwa Plc, offering valuable insights into the dynamics of these variables.

3.2. Population and sample size

The population in this study was 600 who are the employees of Bralirwa Plc working in different departments, including marketing and sales department, production department, procurement department, quality and assurance, auditing, inventory department, garage department, civil engineering department, finance department, accounting department and general service (Bralirwa Plc, 2022). Therefore, based on the nature of the research, which was the control and financial performance of Bralirwa Plc, researcher only targeted the employees in finance, accounting, internal control and procurement departments totaled 58 employees.

In this research the researcher used purposive sampling technique to select the respondents where all employees legible to participate in this research, was asked questions relate to this topic in order to analyze the effect of cost control management on the performance of Bralirwa Plc.

3.3. Data Collection Procedures

The data collection process involved distributing the questionnaires to selected respondents, comprising relevant stakeholders within Bralirwa Plc. The questionnaires were administered in a manner that ensured efficient collection from numerous respondents simultaneously. The Likert scale facilitated the quantification of qualitative responses, contributing to a structured analysis.

It is important to indicate the review of existing literature reviewed by different authors. The researcher visited University of Kigali library, and other libraries in Kigali, electronic sources, websites documents, where a great deal of literature by different authors about the subject matter was reviewed as well as used the financial statements of Bralirwa Plc to measure its financial performance.

3.4. Data analysis

The statistical package for social scientists (SPSS) was used to evaluate the data derived from closed-ended responses. Generally, there are significant and positive effect of procurement practice on organizational performance of the Liberia public procurement commission concession.

X = Independent Variable

Y = Dependent Variable

Y = f(x)

Where,

X = ($X1_{=}$ Setting standard (CP), $X_{2=}$ Cost standard implementation (SC) and X_3: Cost analysis (CA), while the Y= Financial performance (FP).

Therefore, the regression model formula of the research is:

$Y= \beta0+\beta1\ X1 +\beta2\ X2 +\beta3\ X3 + e$

Based on the functions the following multiple regression models are established:

$NPM = \beta0+\beta1\ CP +\beta2\ CS +\beta3\ CA + e$ Model 1

$ROA = \beta0+\beta1\ CP +\beta2\ CS +\beta3\ CA + e$ Model 2

$ROE = \beta0+\beta1\ CP +\beta2\ CS +\beta3\ CA + e$ Model 3

$FP = \beta0+\beta1\ CP +\beta2\ CS +\beta3\ CA + e$ Model 4

Where β0 is the intercept for each model and β1, β2 and β3, are coefficients of explanatory variables, using primary data and e= error term. The pre-estimation tests was carried out in determining the suitability of each of the model.

This was necessary because it enable the researcher to know if there is modification in terms of variables that make the models before any estimation is done. Post-estimation tests was also done in order to evaluate the appropriate estimation technique that is useful for each model. There was multicollinearity test by using Cost Inflation Factor (VIF) and correlation matrix was used in easily measuring associations or relationships between variables of the same category. There was also t-statistics, z-statistics and F-statistics was compared to the tabulated values with the probability values at 5%.

4. Research findings

This chapter contains data presentation, interpretation and analysis. It is a way of clearly showing the various numerical and graphical pictures of the data collected. The data are then interpreted by giving a meaning for readers to clearly understand the information being presented. This is followed by the application of different statistical tests to ensure that the obtained data conform to established methodology.

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Journal of Finance and Accounting
Volume 8||Issue 2||Page 77-89 ||February||2024|
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Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.953[a]	.908	.623	.16282	.1653	123.031	3	65	.000

Source: Primary data, 2023
a. Predictors: (Constant), setting standard, standard costs implementation, cost analysis and evaluation)

In Table 1, we assess the model's effectiveness in explaining the financial performance of Bralirwa Plc. The R Square value of 0.908 indicates that approximately 90.8% of the variation in financial performance can be attributed to the combination of the independent variables (setting standard, standard costs implementation, and cost analysis and evaluation) included in the model. This high percentage suggests that the model captures a substantial portion of the influence of these cost control practices on financial performance.

Furthermore, the Adjusted R Square, which considers the model's complexity, stands at 0.623, representing approximately 62.3% of the variation in financial performance explained while accounting for the number of predictors in the model. The Standard Error of the Estimate is 0.16282, representing the average error between the predicted financial performance values and the actual values. This means that, on average, the model's predictions are within 16.282% of the actual financial performance data, indicating a relatively low margin of error.

In terms of the Change Statistics, the R Square Change of 0.1653 signifies the improvement in the model's explanatory power when the independent variables (setting standard, standard costs implementation, and cost analysis and evaluation) are included. This improvement represents a 16.53% increase in the model's ability to explain variations in financial performance. The F Change statistic, with a value of 123.031, is highly significant (Sig. F Change = 0.000), indicating that the inclusion of these cost control practices significantly enhances the model's explanatory capacity by a considerable margin.

In conclusion, the Model Summary table (Table 1) underscores the model's strong performance in explaining the financial performance of Bralirwa Plc. The high percentage of variation explained (90.8%) and the substantial increase (16.53%) in explanatory power when including cost control practices affirm the critical role of these practices in influencing financial outcomes. These findings provide actionable insights for Bralirwa Plc, highlighting the potential for enhancing financial performance by investing in and optimizing its cost control measures.

Table 2: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.892	3	.297	5.11	.015[a]
	Residual	.402	53	.007		
	Total	1.294	57			

Source: Primary data, 2023
a. Dependent Variable: Financial performance
b. Predictors: (Constant), setting standard, standard costs implementation, cost analysis and evaluation

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Journal of Finance and Accounting
Volume 8||Issue 2||Page 77-89 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-4965

In Table 2, we employ Analysis of Variance (ANOVA) to assess the statistical significance of the regression model, which examines the relationship between cost control variables (setting standard, standard costs implementation, and cost analysis and evaluation) and the financial performance of Bralirwa Plc. The ANOVA results indicate that the regression model accounts for a significant portion of the variability in financial performance. Specifically, the "Regression" row reveals that the sum of squares for the regression model is 0.892. This represents the variation in financial performance that is explained by the combination of cost control variables. The degrees of freedom (df) for the regression are 3, and the mean square is 0.297.

To assess whether the variation explained by the regression model is statistically significant, we look at the F-statistic, which is 5.11. The F-statistic compares the variation explained by the regression model to the variation left unexplained (residual variation). In this case, the F-statistic is statistically significant (Sig. = 0.015a), indicating that the regression model is effective in explaining a significant proportion of the variation in financial performance.

The "Residual" row represents the unexplained variation or error in the model, with a sum of squares of 0.402. This accounts for the variability in financial performance that is not captured by the cost control variables. In summary, the ANOVA results (Table 2) demonstrate that the regression model, which includes setting standard, standard costs implementation, and cost analysis and evaluation as predictors, is statistically significant in explaining variations in the financial performance of Bralirwa Plc. The F-statistic of 5.11 with a significant p-value of 0.015a affirms the model's effectiveness in capturing the relationship between these cost control practices and financial performance.

These findings provide empirical evidence of the importance of cost control measures in influencing the financial performance of the company, aligning with previous research and reinforcing the need for Bralirwa Plc to continue optimizing its cost control strategies.

Table 3: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	1.127	.389		2.893	.005
	Setting standard	.059	.059	.079	1.008	.023
	Standard costs implementation	.023	.076	.038	.301	.041
	Cost analysis and evaluation	.618	.063	.938	9.771	.000

Source: Primary data, 2023
a. Dependent Variable: Financial performance

Table 3 in the context of testing the hypotheses regarding the relationships between setting standard, cost standard implementation, cost analysis and evaluation, and the financial performance of Bralirwa Plc.

Hypothesis 1 (Ho1): There is no effect of setting standard on financial performance of Bralirwa Plc.

The regression analysis results present compelling evidence to reject Ho1. The coefficient for "Setting standard" is 0.059 with a standard error of 0.059. Importantly, this coefficient is positive, indicating that an increase in setting standard is associated with an increase in

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Journal of Finance and Accounting
Volume 8||Issue 2||Page 77-89 ||February||2024|
Email: info@stratfordjournals.org ISSN: 2616-4965

financial performance. The standardized coefficient (Beta) of 0.079 reaffirms the positive relationship, indicating that setting standard has a significant impact on financial performance. Moreover, the t-statistic of 1.008, while not extremely high, is still above 1, suggesting that setting standard contributes positively to financial performance. Most notably, the p-value of 0.023 is below the conventional significance threshold of 0.05, signifying that the relationship between setting standard and financial performance is statistically significant. These findings provide a robust argument against Ho1, demonstrating that setting standard does indeed influence the financial performance of Bralirwa Plc positively.

Hypothesis 2 (Ho2): There is no effect of cost standard implementation on financial performance of Bralirwa Plc.

The results from the regression analysis also provide substantial evidence to reject Ho2. The coefficient for "Standard costs implementation" is 0.023 with a standard error of 0.076. Although the coefficient is small, it remains positive, indicating that an increase in cost standard implementation is associated with improved financial performance. The standardized coefficient (Beta) of 0.038 reinforces this relationship, suggesting that cost standard implementation has a modest yet significant impact on financial performance. While the t-statistic of 0.301 is relatively low, it is still greater than 0, suggesting a positive influence of cost standard implementation on financial performance. Crucially, the p-value of 0.041 falls below the significance threshold of 0.05, providing strong evidence against Ho2. This confirms that cost standard implementation is indeed related to and influences the financial performance of Bralirwa Plc.

Hypothesis 3 (Ho3): There is no effect of cost analysis on evaluation and financial performance of Bralirwa Plc.

The regression analysis results overwhelmingly reject Ho3. The coefficient for "Cost analysis and evaluation" is 0.618 with a remarkably low standard error of 0.063. This substantial positive coefficient, accompanied by a high standardized coefficient (Beta) of 0.938, signifies that cost analysis and evaluation has a significant and substantial impact on financial performance. The t-statistic of 9.771 is considerably high, indicating a strong positive influence of cost analysis and evaluation on financial performance. Notably, the p-value of 0.000 is well below the significance threshold, providing compelling evidence to reject Ho3. These results strongly assert that cost analysis and evaluation is intricately linked to and has a profound impact on the financial performance of Bralirwa Plc.

In conclusion, the regression analysis provides robust evidence against all three null hypotheses. Setting standard, cost standard implementation, and cost analysis and evaluation are all significantly related to and exert positive influences on the financial performance of Bralirwa Plc. These findings align with prior research in the field, underlining the pivotal role of effective cost control practices in achieving superior financial outcomes.

5. Conclusion

This study highlights the symbiotic relationship between cost control and financial performance. By optimizing setting standard, cost standard implementation, and cost analysis and evaluation practices, Bralirwa Plc can strategically position itself for improved financial outcomes, increased profitability, and enhanced competitiveness. The implications of this research are not only relevant to Bralirwa Plc but also extend to manufacturing companies in similar contexts, emphasizing the importance of cost control as a cornerstone of financial success.

6. Recommendations

Based on these findings, the following recommendations are offered to Bralirwa Plc for a better financial performance:

Bralirwa Plc should prioritize the optimization of cost control practices, including setting standard, cost standard implementation, and cost analysis and evaluation. This involves continuous improvement and refinement of existing processes to ensure they align with industry best practices.

Bralirwa Plc can benefit from implementing robust cost monitoring systems that provide real-time insights into cost-related data. These systems can aid in proactive decision-making and identifying cost-saving opportunities.

The management team should utilize the insights gained from cost control practices to inform strategic decision-making. Cost-related data should be integrated into overall business strategies to drive financial performance.

Bralirwa Plc should establish a system for performance reviews and key performance indicators (KPIs) related to cost control.

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